

LRB – FISCAL REVIEW SECTION ANALYSIS
SEPTEMBER 8, 2005 AGENDA
FINANCE AND PERSONNEL COMMITTEE

ITEM 2, FILE 050324
ITEM 3, FILE 050320
Emma J. Stamps

File No. 050324 is a substitute ordinance establishing a storm water management charge.
File No. 050320 is a substitute resolution establishing the 2006 Equivalent Residential Unit and 2006 Equivalent Residential Unit Rate used in calculation of the storm water management charge.

Background

1. The Sewer Maintenance Fund funds the costs of collecting wastewater and storm water deposits.
2. Currently, the city recovers most operating and sewer-related capital costs for its sewerage system through a quarterly local sewerage charge authorized in s. 309-54 of the Milwaukee Code.
3. Annual rates, established by common council resolution, are based on cubic feet of water use and was last modified in 2003. The current rate is \$1.1094 per 100 cubic foot of water used.
4. Beginning in 2005, annual debt service for sewer expansions are no longer supported by the property tax levy but added to the user-fee supported Sewer Maintenance Fund operating budgets. This year, \$7 million was transferred to the Sewer Maintenance Fund although the user rate remains at \$1.1094 per 100 cubic feet of water used.

Discussion

1. The Department of Public Works and Budget Office have studied the costs of maintaining the citywide sewerage system and propose diversifying the Sewer Maintenance Fund's revenue sources by separating costs related directly to storm water management from the existing local sewerage charge and recovering those costs via a newly created storm water management charge.
2. The proposal calls for distributing storm water costs based on impervious area versus cubic feet of water use. The estimated cost for a typical residential owner will increase by \$1.15 per month (currently the charge is about \$8 per month) under the new cost recovery system.
3. Adopting both files allows for creating a new revenue stream that would separate costs of managing the city's sewerage system into two charges; (1) a local sewerage charge measured by 100 cubic feet of water used and (2) a storm water management charge measured by a ERU (equivalent residential unit) Rate.

Fiscal Impact

1. Assuming that the Council adopts all related files (No. 050321, 050320, and 050324) the estimated fiscal impact of File 050324 is \$6,575,552. However, if the Common Council does not approve the separation of storm water management charges, the Sewer Maintenance Fund would continue to recover operating and debt service costs through the Sewer Maintenance Fund's local sewerage charge in accordance with s. 309-54 of the Milwaukee Code, requiring the user charge to increase beyond the projected \$1.27 per 100 cubic feet of water use for residential users, or draw from Retained Earnings.

Cc: Marianne Walsh W. Martin Morics Jeff Polenski Prepared by: Emma J. Stamps X8666
Jeff Mantes Mark Nicolini Martin Aquino LRB – Fiscal Review Section
Clark Wantoch Dennis Yaccarino September 6, 2005